

AR45



Annual Report 1968



VICTORIA AND GREY TRUST COMPANY

Board of Directors

*J. R. Anderson, Q.C.	Stratford
E. D. Bell, Q.C.	Exeter
K. B. Clysdale	St. Marys
*E. N. Cooper	Meaford
*S. A. Flavelle	Lindsay
*C. G. Fleming	Owen Sound
G. D. Fleming	Owen Sound
J. G. Fraser	Owen Sound
*Hon. L. M. Frost, Q.C.	Lindsay
W. H. Gregory	Stratford
A. G. S. Griffin	Toronto
*Hon. Walter Harris, Q.C.	Markdale
A. E. Hick	Lindsay
S. K. Ireland	Stratford
Dr. H. B. Kenner	Stratford
Col. T. A. Kidd	Kingston
*W. B. Lemon	Owen Sound
W. A. Macdonald, Q.C.	Toronto
*H. J. McLaughlin, Q.C.	Toronto
R. N. McLaughlin	Toronto
W. L. Moore, Q.C.	Orillia
Dr. G. A. Morton	Belleville
F. G. Perrin (<i>deceased</i>)	Lindsay
*B. J. Sibold	Stratford
J. R. Sinclair	Peterborough
*R. H. Soward, Q.C.	Toronto
K. W. Taylor	Toronto
Ivor Wagner	Owen Sound

*Member of executive committee

Officers

Honorary Chairman of the Board

G. D. Fleming

Chairman of the Board

H. J. McLaughlin, Q.C.

President

Hon. Walter Harris, Q.C.

Vice-Presidents

E. N. Cooper

S. A. Flavelle

C. G. Fleming

Hon. L. M. Frost, Q.C.

Vice-President and General Manager

R. R. Merifield, Q.C.

Secretary

R. G. Thomas, Q.C.

Treasurer and Assistant General Manager

G. E. Phelps

Assistant General Managers

E. M. Malcolm

W. H. Somerville

Comptroller

J. R. Anderson, C.A.

Advisory Committees

Owen Sound

W. B. Lemon, *Chairman*
E. N. Cooper
D. F. Cowling
C. G. Fleming
J. G. Fraser
Ivor Wagner

Peterborough

J. R. Sinclair, *Chairman*
Dr. W. S. Fitzpatrick
H. S. Matthews
Hugh Waddell

Belleville

Dr. G. A. Morton, *Chairman*
G. A. Freeman
W. L. McDougall
H. M. Morton
J. N. Yanover

Hanover

G. K. Crockford, *Chairman*
A. J. McNab
Arthur Newell (*deceased*)

Orillia

W. L. Moore, Q.C., *Chairman*
T. G. Beament
H. E. M. Payne
R. W. Smith
J. N. Spencer

Lindsay

A. E. Hick, *Chairman*
S. A. Flavelle
F. G. Perrin (*deceased*)
W. J. Shields

Kingston

Col. T. A. Kidd, *Chairman*
J. R. Henderson (*deceased*)
R. C. Oaks
G. G. Thomson
W. Leslie Wilmot

Stratford

Dr. H. B. Kenner, *Chairman*
J. R. Anderson, Q.C.
W. H. Gregory
S. K. Ireland
B. J. Sibold

Goderich

Daniel Murphy, *Chairman*
E. B. Menzies
J. K. Sully

Toronto Main Office

R. H. Soward, Q.C., *Chairman*
Alexander Curry
W. A. Macdonald, Q.C.

Brampton - Port Credit

A. G. Davis, Q.C., *Chairman*
G. F. Oughtred
J. C. Pallett, Q.C.



VICTORIA AND GREY TRUST COMPANY

TORONTO STOCK EXCHANGE REVIEW

JUNE 1968



Bay Street bustle characterises the location of the main Toronto office just down the street from the Toronto Stock Exchange.

Front cover display of the June issue of the Toronto Stock Exchange Review was a picture of typical Victoria and Grey run of country accompanied by a feature story on the growth, stability and success of the company since its founding in 1889.



R. R. Merifield, General Manager, and Bruce Maidens, Manager Lindsay office, inspecting resort property at Sturgeon Lake on which Victoria and Grey holds mortgage.

To our Shareholders

In our report last year we mentioned that the growth in mortgages had remained about constant for the first half of the 1967 fiscal year. This did not occur in 1968; there has been a steady demand for mortgages and our portfolio has increased by over thirty million dollars. We are still giving priority to residential loans, but we have not entirely excluded others. At October 31st, 1968, our portfolio consisted of approximately \$165 million residential, \$82 million commercial.

During the year we joined with other trust companies in a presentation to the Government of Canada of facts and opinion about financing house building. It was pointed out that in 1967, trust and loan companies approved loans of over \$800 million of which about \$670 million was for housing. Over 70% of the Victoria and Grey company and guaranteed funds are in mortgages. This indicates that we and other trust companies have made a notable contribution to solving the housing problem, and we shall continue to assist in every way possible. At present Victoria & Grey has about \$53 million in mortgages in Metropolitan Toronto, \$120 million in Eastern Ontario and \$76 million in Western Ontario. We give priority to those areas where we have offices.

In the twelve months just ended, savings deposits and Guaranteed Investment Certificates increased by over \$41 million, and Estate, Trusts and Agencies by over \$5 million. Total company and guaranteed funds assets increased by \$43 million to over \$335 million.

The Government of Canada has announced that beginning with the 1969 fiscal year, the mortgage reserve of a trust company may not for income tax purposes exceed 1½% of the eligible mortgages and that those companies (including Victoria and Grey) which have already exceeded this amount must reduce their non-tax paid reserves by one-tenth in each of the following years. For 1968 we have again taken the maximum permissible reserve amounting to \$1,191,964 raising our total mortgage reserve to \$6,332,202. This will result in increased income tax payable which however will be mitigated to some extent by an increase in our mortgage portfolio.

It is our opinion that the reduction from three percent to one and one-half percent is not called for—although we agree with the Government that mortgage losses in the past twenty years were less than that amount. In a period of low losses a mortgage lender should be able to build up the reserves against the almost inevitable changes that another twenty years would bring. We express the hope that if losses do increase, the Government will be open to conviction that the upper limit should again be raised accordingly.

Recently the Toronto Stock Exchange adopted a procedure known as a "Special Bid" whereby an offer can be made for a substantial block of shares of a listed company, and we had the distinction of being the first to undergo the experience. An unidentified bidder offered \$17.50 per share for 135,000 shares,

but obtained less than 12,000 shares. The Toronto Stock Exchange has also suggested that more frequent financial statements be published and accordingly we will be issuing half-yearly statements beginning April 30, 1968.

Earnings for the year were \$3,344,510 before income taxes compared with \$2,912,890 in 1967. The per share profit after income taxes for 1968 on common shares was \$1.12 before, and \$.71 after mortgage reserve, compared to \$1.01 and \$.65 respectively in 1967.

In the three years since amalgamation we have had very satisfactory results from the sales of land and securities acquired from the British Mortgage & Trust Company so that we have reduced the "excess of costs" item in the assets to \$770,624. There are still assets on hand including the investment in Atlantic Acceptance Corporation Limited and Aurora Leasing Limited. Regrettably there are lawsuits in both Atlantic and Aurora which have not yet reached the trial stage. We assume that the trustees in each case are doing their best to obtain a decision, but we suppose that unless there is a settlement, another three or four years may elapse before a distribution is made on these securities.

While we may have been preoccupied in making our venture into Toronto successful, we have always been mindful of the fact that we are the only Trust Company firmly based on rural Ontario.

When this company was founded in 1889, one of its great assets was the close identity of its executive and staff with the community it served. Now, with 25 offices across Ontario, it is gratifying to observe that this same spirit prevails. During this past year our managers and staff participated to the fullest in community projects. The recognition of the local manager as a community supporter plays no little part in the confidence this company enjoys locally.

We record with regret the passing of Mr. Fred Perrin of Lindsay, a Director since 1939. Mr. Perrin served on the Executive Committee for many years and was an experienced and competent advisor. We shall miss his sound advice and constant attention to our affairs.

We also wish to express our regrets at the withdrawal from the Board of Mr. W. H. Gregory, Q.C. and Mr. S. K. Ireland of Stratford, both of whom have asked to be relieved of their duties for reasons of health. Mr. Gregory was former Chairman of the Board of British Mortgage & Trust Company, and Mr. Ireland was a director. Both assisted greatly towards accomplishing a successful merger of British Mortgage with Victoria and Grey Trust Company.

The staff has earned our grateful thanks for their work during a busy year and we express our appreciation.

H. J. McLaughlin, Q.C.
Chairman of the board

Walter E. Harris, Q.C.
President

*Balance Sheet**Company*

Assets	1968	1967
Cash.....	\$ 464,231	\$ 684,489
Bonds.....	8,133,232	4,665,869
Stocks.....	9,086,724	8,246,286
Mortgages.....	1,067,381	997,153
Advances to estates and trusts.....	56,401	28,730
Income taxes recoverable.....		758,065
Office premises, at cost less depreciation.....	3,692,520	3,858,100
Excess of cost of assets acquired upon amalgamation over amounts allocated to assets included in other balance sheet classifications (note 1).....	770,624	2,256,318
Refundable tax.....	37,618	33,238
Other assets.....	247,631	59,384
	<u>\$ 23,556,362</u>	<u>\$ 21,587,632</u>

Cash.....	\$ 4,212,175	\$ 3,980,309
Bonds		
Government and Provinces of Canada.....	46,519,355	37,911,802
Municipal.....	3,364,223	3,498,138
Other.....	5,147,217	4,753,451
	<u>55,030,795</u>	<u>46,163,391</u>
Short-term notes.....	1,800,000	1,800,000
Collateral loans.....	3,311,456	2,462,095
Mortgages.....	248,084,818	216,464,053
Real estate held for sale.....		443,337
	<u>312,439,244</u>	<u>271,313,185</u>
<i>Total Assets—Company and Guaranteed Funds.....</i>	<i>\$ 335,995,606</i>	<i>\$ 292,900,817</i>

ASSETS UNDER ADMINISTRATION

Cash securities and other assets held for estates, trusts and agencies.....	47,330,575	42,098,442
Total Assets—Company and Guaranteed Funds.....	<u>335,995,606</u>	<u>292,900,817</u>
	<u>\$ 383,326,181</u>	<u>\$ 334,999,259</u>

*Approved on Behalf of the Board**H. J. McLAUGHLIN, Q.C., Chairman of the Board**W. E. HARRIS, Q.C., President*

VICTORIA AND GREY TRUST COMPANY

at October 31

Funds

Liabilities	1968	1967
Preference dividend payable November 1	\$ 66,187	\$ 66,876
Income taxes payable	644,287	
Mortgage reserve	6,332,203	5,140,238
Capital stock		
Preference shares, cumulative redeemable		
Authorized—200,000 shares par value \$50 each		
Issued — 98,970 shares (100,000 in 1967) 5.35% Series A	4,948,500	5,000,000
Common shares		
Authorized—5,000,000 shares, par value \$2 each		
Issued — 1,391,062 shares	2,782,124	2,782,124
General reserve	8,600,000	8,375,000
Undivided profits	183,061	223,394
	<u>\$ 23,556,362</u>	<u>\$ 21,587,632</u>
Trust deposits	\$ 74,110,751	68,726,231
Guaranteed investment certificates	238,328,493	\$ 202,586,954
	<u>312,439,244</u>	<u>271,313,185</u>
Total Liabilities—Company and Guaranteed Funds	<u>\$ 335,995,606</u>	<u>\$ 292,900,817</u>

AUDITORS' REPORT

To the Shareholders of The Victoria and Grey Trust Company

We have examined the balance sheet of the Victoria and Grey Trust Company as at October 31, 1968 and the statement of revenue, expenses and undivided profits for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at October 31, 1968 and the results of its operations for the year then ended on a basis consistent with that of the preceding year, except for the change set out in note 4, in the treatment of profits and losses on securities.

GAVILLER & COMPANY
Chartered Accountants

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

Lindsay, Ontario
November 21, 1968

VICTORIA AND GREY TRUST COMPANY

Statement of Revenue, Expenses and Undivided Profits for the year ended October 31

	1968	1967
Revenue		
Mortgage interest.....	\$ 17,910,892	\$ 15,130,964
Investment income.....	3,412,895	3,202,105
Commissions and fees from estates, trusts and agencies.....	355,994	316,070
Other.....	695,813	676,862
	<u>22,375,594</u>	<u>19,326,001</u>
Expenses		
Interest.....	15,249,279	12,932,588
Salaries, pension and other staff benefits.....	1,902,887	1,757,677
Depreciation.....	218,024	232,118
Other expenses.....	1,660,894	1,490,728
	<u>19,031,084</u>	<u>16,413,111</u>
Profit before income taxes.....	3,344,510	2,912,890
Income taxes.....	1,515,498	1,235,980
Net profit for the year.....	<u>1,829,012</u>	<u>1,676,910</u>
Appropriation for mortgage reserve.....	1,191,964	1,027,153
Less applicable reduction in income taxes.....	619,820	534,120
	<u>572,144</u>	<u>493,033</u>
	1,256,868	1,183,877
Undivided profits at the beginning of the year.....	<u>223,394</u>	<u>211,015</u>
	<u>1,480,262</u>	<u>1,394,892</u>
Dividends to shareholders		
Preference.....	265,369	267,503
Common.....	806,832	778,995
	<u>1,072,201</u>	<u>1,046,498</u>
	408,061	348,394
Transfer to general reserve.....	<u>225,000</u>	<u>125,000</u>
Undivided profits at the end of the year.....	<u>\$ 183,061</u>	<u>\$ 223,394</u>

NOTES TO FINANCIAL STATEMENTS

1. The consideration given for the net assets acquired upon amalgamation in 1965 exceeded the amounts then allocated to tangible assets by \$5,158,873. This amount was reduced to \$770,624 in 1968 (\$2,256,318 in 1967) to reflect the results from the realization of certain of these tangible assets and a reduction in the allowance for losses in respect of those not yet realized. To the extent that the reduced amount is not recovered upon realization, it will be charged against future earnings.
2. Canadian and provincial government bonds are carried at amortized cost.
Bonds and stocks held for company and guaranteed funds are reflected in the balance sheet at the amounts remaining after deducting the investment reserve and allowances for losses on realization and in total do not exceed quoted market value.
3. Short term notes, collateral loans and mortgages are reflected in the balance sheet at the amounts remaining after deducting allowances for losses on realization.
4. Profits and losses on securities for the year have been excluded from revenue and recorded in the investment reserve. In 1967 profits and losses on securities were not significant in amount and were included in revenue.
The investment reserve amounts to \$1,793,300 as at October 31, 1968 and largely comprises profits and losses on securities in 1965 (subsequent to amalgamation), 1966 and 1968.



The latest in electronics is comprised in the computer department which sorts information for administration and service departments.



Johnny Lombardi, Little Italy's favourite son discusses the merits of espresso coffee with Carmelo Liscio, College Street branch manager, as Emilio Manni serves his best at Il Gatto Nera.



Public relations is a lollipop to one of Keith Johnston's many small admirers. Owen Sound manager, Keith keeps a desk-drawer supply of sweet promotion pieces for tomorrow's customers.



W. H. Somerville, assistant general manager, thanks Clarence Diamond, New Hamburg farmer for favouring Victoria and Grey with his trust company business.

Branches and Branch Managers

Branch	Address	Manager
BELLEVILLE	175 Front Street	J. G. Mosley
BRAMPTON	11 Main St. South	D. F. Hiller
CANNINGTON	Cameron Street	W. G. Laird
EXETER	425 Main Street	J. D. Cross
GODERICH	100 Kingston St.	W. R. Curry
HANOVER	255-10th St.	T. G. Fyfe
KINGSTON	168 Wellington St.	G. H. Trill
LINDSAY	85 Kent St. West	B. C. Maidens
LISTOWEL	Main St. East	C. I. Stief
MEAFORD	2 Trowbridge St.	C. R. Brown
NEWMARKET	198 Main St.	L. J. Ruby
ORILLIA	12 West St. North	R. C. Puffer
OWEN SOUND	857 Second Ave. East	K. D. Johnston
PETERBOROUGH	437 George St. North	R. E. P. Walker
PORT CREDIT	36 Lakeshore Road East	C. C. Fitzgerald
RENFREW	228 Raglan St. South	Bryan Mehlenbacher
RICHMOND HILL	121 Yonge St. North	M. N. Foyle
ST. MARYS	31 Queen St. East	C. V. Barrett
STRATFORD	1 Ontario St.	W. H. Somerville
TORONTO	197 Bay St.	R. R. Swanson
	2262 Bloor St. West	J. T. Maslen
	635 College St.	C. Liscio
	1520 Danforth Ave.	D. J. Bensette
WHITBY	1887 Eglinton Ave. West	F. P. DeProffio
	308 Dundas St. West	G. T. W. Whattam

Head Office: 85 Kent St. West, Lindsay, Ontario

Our Services

Regular Savings Accounts

4% interest. Reasonable chequing privileges and no service charges. We provide special, addressed and postage paid, "Deposit-by-Mail" envelopes.

Special Savings Accounts

5½% is calculated on the minimum monthly balance and added to the account half-yearly on April 30 and October 31. Withdrawals may be made at any time in person or by mail.

Guaranteed Investment Certificates

An excellent short-term investment, unconditionally guaranteed by the Company. Interest is payable half-yearly or may be left to accumulate at compound interest. You may also purchase these certificates on a monthly payment plan.

Retirement Savings Plan

If you are not enrolled in a registered pension plan, you may contribute up to 20% of your earned income each year to Registered Retirement Savings Plans (maximum \$2,500). If you are enrolled in a pension plan, you may contribute up to 20% of your income (maximum \$1,500), less the amount you pay into the pension plan.

Investment Fund

The Victoria and Grey Investment Fund is composed mainly of common stocks chosen for their growth potential. You may invest in the fund at any time or withdraw any amount as of any valuation date on the last day of each month. There is no sales commission and no withdrawal fee to pay. Units are allotted and redeemed at the net asset value.

Mortgage Loans

Custom Tailored mortgages on residential property, well located commercial property, and on good improved farms at current interest rates. Payment plans may be as long as 25 years and the loan may be as much as 75% of value—depending on the age, condition and type of property.

Collateral Loans

On the security of approved stocks, bonds and debentures and on Trust Company Guaranteed Investment Certificates.

Estates

As executor or administrator of Estates this Company provides the knowledge and experience necessary for efficient administration.

Trustee and Agents

For those too busy or unable to look after their own real estate, mortgages or other investments or the assets of estates of which they are the executor.

Corporate Trust Services

Trustee for Pension Plans, Profit Sharing, Welfare Plans, Cemetery Funds and Bond Issues. Transfer Agent and Registrar, Dividend Paying Agent, Escrow Agent.

Safety Deposit Vaults

Safety Deposit Boxes at modest cost for securities and valuable documents.

Money Orders and Travellers' Cheques

Issued in Canadian, Sterling or U.S. Funds, for use in Canada or throughout the world.

*You are invited to obtain more detailed information on our services
at any Victoria and Grey Office.*

